

**Meeting of the Executive Member for Leisure &
Culture and Social Inclusion and Advisory Panel**

24 March 2009

Report of the Director of Learning, Culture and Children's Services

Discretionary Rate Relief Criteria: 2011 – 2013

Summary

1. This report asks the Executive to agree an amendment to the criteria for Discretionary Rate Relief (DRR) for the period 2011 - 2013.

Background

2. Under section 47 of the Local Government Act 1988 charging authorities have the discretion to grant rate relief from all or part of the non-domestic rate account for premises occupied by not-for-profit organisations that are wholly or mainly used for charitable purposes. The cost of awarding DRR is borne 75% by the non-domestic rate pool and 25% locally.
3. Registered charities can apply for 80% mandatory relief. Where an authority exercises its discretion to award DRR above the mandatory level, the remaining 20% is borne 25% by the non-domestic rate pool and 75% locally.
4. Sports Clubs can also apply for "Community Amateur Sports Club" (CASC) status. With this status they will be treated in the same way as charities for the purposes of DRR both in terms of the mandatory and discretionary elements of DRR.
5. The current Lifelong Learning and Culture DRR criteria are at Annex 1. Awards are made for 2 years.
6. A total of 65 organisations applied for Discretionary Rate Relief this year. Of these 64 met all the criteria and have been awarded DRR for the period to 2011. One organisations did not meet one or more of the criteria and were rejected. Because the eligible awards exceed the available budget the awards were scaled down such that all organisations received approximately 75% of the relief for which they were eligible.

Consultation

7. This report proposes some amendment to the DRR criteria. Where changes are proposed which may impact adversely on organisations currently receiving DRR those changes must be advertised at least 12 months in advance. The

changes proposed in this report would be advertised in time for the 2011 – 13 award.

8. The current criteria were adopted in December 2005 after extensive consultation with relevant partnership organisations. Further consultation would be undertaken on the amendments proposed below.

Revised DRR Criteria

9. It has become clear from this year's process that the criteria need to be tightened in order to ensure that the available budget is directed to those organisations who most warrant support. The key issues that have come to light are:

- a) Reserves: It is clear that a number of charitable organisations are sitting on significant reserves that they could well use to pay their rates. It is therefore proposed to change the "10 times" multiplier in criterion 4 so that it applies to 10 times the net rates payable i.e. after mandatory relief has been deducted (rather than the gross amount as previously). Organisations may still be allowed to have up to £10k in reserves and all the exceptions under which higher levels of reserves may be allowed will remain as previously.
- b) Equalities: The criteria need to be updated to reflect changed legislation and the requirement to address the needs of the 6 groups (see criterion 6 in Annex 2). It is proposed that it will now be a requirement for organisations to have a formally adopted policy (which is not currently the case) and to provide evidence that they are implementing that policy through equality impact assessments. It is essential that where the Council is funding an external organisation it ensures that that organisation is implementing equalities.
- c) Membership: A number of organisations currently receiving DRR insist that new members can only join if proposed by an existing member. This is not consistent with promotion of equalities and is explicitly ruled out in the amended criteria proposed.
- d) Fees: The test of "affordability" in the existing criteria has proved problematic as it lacks definition and is subjective. A number of organisations currently receive DRR who levy significant annual fees with no remissions and no facility to pay those fees over a period of time. The revised criteria address this issue and would ensure that organisations who wish to receive DRR operate a fee structure that encourages participation by allowing potential participants to try out activities without committing to the full fees.

10. The proposed revised criteria are attached at Annex 2.

Options

11. The options are:
 - o to make the change to the criteria as set out above
 - o to retain the criteria unchanged

Analysis

12. The high number of organisations who are now eligible to receive DRR means that the budget is only covering 75% of each eligible organisation's rates liability. We need to ensure that DRR is effectively channelled to those organisations that genuinely meet the criteria and who are providing a service that warrants public funding in terms of furthering the Council's leisure and culture objectives especially around increasing participation. The revised criteria proposed will do this more effectively. .

Corporate Priorities

13. SLAs are given to meet the key priorities as detailed in Annex 1.

Implications

14. **Financial:** The base budget for DRR in 2009/10 is £42,820 based on a 2% increase to the 2008/09 budget.
15. **Legal:** Discretionary Rate Relief is granted under Section 40(5) of the General Rate Act 1967.
16. There are no human resources, equalities, crime and disorder, or information technology implications arising from this report.

Risk Management

17. In compliance with the Councils risk management strategy there are no risks associated with the recommendations of this report.

Recommendation

18. The Executive Member is asked to agree the revised criteria set out in Annex 2.

Reason: In order to establish an amended procedure for 2011-13.

Annexes

1. Existing DRR Criteria
2. Proposed amended DRR Criteria

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Report Approved

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Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Lifelong Learning and Culture: Criteria for Discretionary Rate Relief: Report to the Executive Member for Leisure and Heritage, 12 December, 2005